

## PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA

PUBLIC NOTICE

## PURCHASE GAS CHARGE AUDIT (“PGC AUDIT”)-2025-01

1. The Public Service Commission of the District of Columbia (“Commission”) hereby gives notice that, on October 31, 2025, Silver Point Consulting LLC (“Silverpoint”) filed the public and confidential versions of its Management Audit Report of the Natural Gas Purchasing Processes and Policies of Washington Gas Light Company (“WGL” or “the Company”).<sup>1</sup> Comments and reply comments are due within 30 and 45 days from the date of publication of this Notice in the *D.C. Register*, respectively.

2. In 2017, as a component of the broader investigation into the default gas service that WGL supplies to customers through the Purchased Gas Charge (“PGC”), Silverpoint conducted a management audit of WGL’s natural gas purchasing policies and procedures, the scope and objectives of which were outlined in Commission Order Nos. 17878 and 17951.<sup>2</sup> On September 5, 2017, Silverpoint filed the first final report and management audit with the Commission.<sup>3</sup> The Commission subsequently accepted Silverpoint’s 2017 Audit Report recommendations and directed the Company to address them.<sup>4</sup> WGL filed its implementation plans shortly thereafter.<sup>5</sup> The Order also directed that a PGC Audit be conducted in not less than every three years.<sup>6</sup>

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<sup>1</sup> *Purchase Gas Charge Audit 2025-01 (“PGC Audit 2025-01”)*, Final Report of the Management Audit of the Natural Gas Purchasing Processes and Policies of Washington Gas Light Company, October 31, 2025 (“Final Report”).

<sup>2</sup> *PGC Audit 2025-01*, Final Report at 1. *see also*, *Formal Case No. 1129, In the Matter of the Public Service Commission’s Investigation into Default Gas Service Provided by Washington Gas Light Company Through the Purchase Gas Charge in the District of Columbia (“Formal Case No. 1129”)*, Order No. 17878, rel. May 13, 2015, and Order No. 17951, rel. August 28, 2015.

<sup>3</sup> *PGC Audit 2025-01*, Final Report at 1; *see also*, *Formal Case No. 1129*, Final Report of the Management Audit of the Natural Gas Purchasing Processes and Policies of Washington Gas Light Company, filed September 5, 2017.

<sup>4</sup> *PGC Audit 2025-01*, Final Report at 1; *see also*, *Formal Case No. 1129*, the Public Service Commission adopts the Findings of Silver Point Consulting’s Management Audit Report and Directs Washington Gas Light Company to Comply, Order No. 19740, filed November 8, 2018.

<sup>5</sup> *PGC Audit 2025-01*, Final Report at 1; *see also*, *Formal Case No. 1129*, Washington Gas Light Company Implementation Plan of Commission Directives, filed January 16, 2019.

<sup>6</sup> Order No. 19740 at 15-16.

3. On February 28, 2020, the Commission directed WGL to contract for a new purchased gas management audit to begin no later than the first quarter of 2021.<sup>7</sup> On December 1, 2021, Silverpoint filed its final report and management audit with the Commission.<sup>8</sup> On March 11, 2022, in Order No. 21128, the Commission accepted Silverpoint's 2021 Audit Report recommendations and directed the WGL to address them.<sup>9</sup> By the same Order, the Commission reiterated that a PGC Audit should be conducted approximately every three years.<sup>10</sup>

4. On May 1, 2025, Silverpoint was engaged to conduct a new gas procurement management audit.<sup>11</sup> On October 31, 2025, Silverpoint filed the final report of the management audit with the Commission.<sup>12</sup> The scope of work and objectives for this audit is essentially the same as the original directive and include the following: (1) determine whether the Company's purchasing policies and processes are sufficient to meet its natural gas supply requirements for default supply; (2) determine whether the Company's procurement planning is sufficient to ensure a reliable supply for the default supply program at optimal prices that are fair, just, and reasonable; (3) determine whether the Company reviews its existing and potential supply plan for improvements and for consistency with its long-term strategic supply plan, and assess the effectiveness of that review process; and (4) gather and review data and information on the Company's asset management and revenue sharing practices across its entire network.<sup>13</sup>

5. In addition to the objectives above, Order No. 21128, expanded the scope of work to include four items related to the districts climate goals: (1) Determine and document the Company's purchasing practices for the acquisition of certified natural gas (CtNG) and renewable natural gas (RNG) for delivery in Washington D.C.; (2) Evaluate how the availability and integration of CtNG and RNG impact overall procurement costs and supply reliability; (3) Compare the Company's CtNG and RNG practices with industry best practices and emerging

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<sup>7</sup> *PGC Audit 2025-01*, Final Report at 1; *see also*, *Formal Case No. 874, In the Matter of the Gas Acquisition Strategies of the District of Columbia Natural Gas, a Division of the Washington Gas Light Company*, Order. No. 20302, ¶14, rel. February 28, 2020.

<sup>8</sup> *PGC Audit 2025-01*, Final Report at 1; *see also* *Purchase Gas Charge Audit 2021-01* ("PGC Audit 2021-01"), Final Report of the Management Audit of the Natural Gas Purchasing Processes and Policies of Washington Gas Light Company, filed December 1, 2021.

<sup>9</sup> *PGC Audit 2025-01*, Final Report at 1; *see also* *PGC Audit 2021-01*, the Public Service Commission adopts the Findings of Silver Point Consulting's Management Audit Report, Order No. 21128, filed March 11, 2022.

<sup>10</sup> Order No. 21128 at 71.

<sup>11</sup> *PGC Audit 2025-01*, Washington Gas Light Company Draft Agreed -Upon Procedures, filed May 1, 2025.

<sup>12</sup> *PCG Audit 2025-01*, Final Report at 1.

<sup>13</sup> *PCG Audit 2025-01*, Final Report at 1.

trends in the use of alternative natural gas sources; and (4) Review the Company's overall strategies and initiatives related to the adoption of innovative gas technologies and practices.<sup>14</sup>

6. On October 31, 2025, Silverpoint filed a Final Audit Report for the Commission's review and consideration. The Silverpoint team conducted a comprehensive review of WGL's natural gas purchasing-related functions, including demand forecasting, natural gas procurement, capacity resource planning, asset optimization program, and acquisitions related to the District's climate goals. Silverpoint also gathered information on net proceeds and revenue-sharing levels during the four years since the prior audit.<sup>15</sup> The report recognizes that District ratepayers represent about 15% of the Company's total gas system customers across all three jurisdictions (MD, VA, and DC).<sup>16</sup> Silverpoint recommended that WGL update the terms of its Vega contract to incorporate additional reporting requirements and controls as appropriate, including revised audit protocols.<sup>17</sup> Silverpoint has one more minor recommendation, and it is that WGL update corporate governance documents to reflect specific guidance for the asset optimization program.<sup>18</sup>

7. All parties who have signed a confidentiality agreement and are interested in commenting on the confidential version of the Management Audit as well as other persons interested in commenting on the public version of the Management Audit may submit written comments and reply comments no later than 30 and 45 days from the date of publication of this Notice in the D.C. Register, respectively. Comments are to be addressed to Brinda Westbrook-Sedgwick, Commission Secretary, Public Service Commission of the District of Columbia, 1325 G Street, NW, Suite 800, Washington, DC 20005. Copies of the Management Audit may be obtained by visiting the Commission's website at [www.dcpSC.org](http://www.dcpSC.org). Once at the website, open the "eDocket" tab, click on "Search database" and input "PGC-AUDIT-2025-01" as the case number and "5" as the item number for the public version of the audit report. Copies may also be purchased at cost by contacting the Commission Secretary at (202) 626-5150 or [PSC-CommissionSecretary@dc.gov](mailto:PSC-CommissionSecretary@dc.gov).

**A TRUE COPY:**

**BY DIRECTION OF THE COMMISSION:**

*Brinda Westbrook-Sedgwick*

**CHIEF CLERK:**

**BRINDA WESTBROOK-SEDGWICK  
COMMISSION SECRETARY**

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<sup>14</sup> *PCG Audit 2025-01*, Final Report at 2.

<sup>15</sup> *PCG Audit 2025-01*, Final Report at 2.

<sup>16</sup> *PCG Audit 2025-01*, Final Report at 3.

<sup>17</sup> *PCG Audit 2025-01*, Final Report at 39.

<sup>18</sup> *PCG Audit 2025-01*, Final Report at 43.